

MARKET FLUCTUATION CLAUSE (BRIT VERSION)

It is hereby understood and agreed that 4. EXCLUSIONS hereunder is deemed to be amended to include the following:

- x) arising out of, based upon or attributable to any legal liability arising from any claim of depreciation (or failure to appreciate) in value of any investments, including but not limited to securities, leased products, commodities, currencies, options and futures transactions as to which the Assured has expressly or implicitly made a guarantee, representation or warranty as to the performance of such investments.



LADDERING EXCLUSION ✓

In consideration of the premium charged for this Policy, it is hereby understood and agreed that Section 4, Exclusions, is amended to add the following:

- y) based upon, arising out of, directly or indirectly from or in consequence of, or in any way involving any actual or alleged:
- 1) solicitation or receipt of any excessive, additional, undisclosed, improper or illegal Compensation relating to an Offering, or Compensation greater than that disclosed in the prospectus or registration statement relating to the Offering;
 - 2) improper solicitations or agreements, whether express or implied, relating to any Offering, including, but not limited to, solicitations or tie-in agreements to purchase: (i) additional shares of a company's stock at pre-determined prices; or (ii) shares of another corporation's stock; or
 - 3) violation of Regulations S-K or M of the Securities Exchange Commission, or Conduct Rules 2110 and 2440 of the National Association of Securities Dealers.

For the purpose of this Endorsement, the term "Offering" shall mean the public or private sale of a company's stock, including, but not limited to, an initial public offering, secondary offering or a private placement.

For the purposes of this Endorsement, the term "Compensation" shall mean any commissions, payments, fees, compensation or any other type of remuneration. "Compensation" shall also mean kickback's, bribes or any other similar type of payments.

All other terms and conditions remain unchanged.

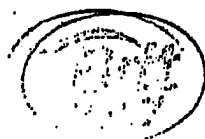


ASBESTOS, TOXIC MOLD & LEAD EXCLUSION

This Policy shall not indemnify the Insured in respect of any Claim, Loss liability or expenses arising directly or indirectly out of or in any manner related to:-

- a) the manufacture, mining, processing, distribution, testing, remediation, removal, storage, disposal, sale, use of or exposure to asbestos or materials or products containing asbestos whether or not there is another cause of Loss which may have contributed concurrently or in any sequence to a Claim, or
- b) "Fungi" whether or not there is another cause of Loss which may have contributed concurrently or in any sequence to a Claim;
"Fungi" as utilised herein shall mean any fungus or mycota or any by-product or type of infestation produced by such fungus or mycota, including but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols, or
- c) lead or lead containing products.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.



NON-LICENSED BUSINESS ACTIVITY EXCLUSION

This policy shall not cover the Insured, its Employees, Agents or Representatives for a claim arising out of an act error or omission arising out of professional services for which the Insured, its Employees, Agents or Representatives did not hold a correct and valid license issued by the appropriate regulatory authority.



REGISTERED INVESTMENT ADVISORY ENDORSEMENT
(for Approved Activities)

In consideration of the premium charged it is hereby understood and agreed that, in accordance with Clause 2, (k) (5), coverage as is provided under this policy is extended to include coverage to the Insured(s) in connection with Approved Activities while acting in their capacity as a registered investment advisor, subject to the terms, conditions, exclusions and endorsements of this policy. Solely with respect to the coverage provided by this endorsement, the policy is amended as follows:

DECLARATIONS

Item 3. of the Declarations, Limit of Liability, is amended to include the following:

B.2. Registered Investment Advisory Coverage:	\$ 1,000,000	each loss (including Defense Costs)
	\$ 2,000,000	aggregate for all loss (including Defense Costs)

Item 5. of the Declarations, Retention, is amended to include the following:

B.2. Registered Investment Advisor Retention:	\$ 100,000	each and every Claim
---	------------	----------------------

INSURING AGREEMENT

Clause 1., Insuring Agreement is amended to include the following:

B. REGISTERED REPRESENTATIVE PROFESSIONAL LIABILITY INSURANCE

This policy shall pay on behalf of a Registered Representative acting in his/her capacity as a Registered Investment Advisor Loss arising from a Claim first made against the Registered Representative during the Policy Period or the Discovery Period (if applicable) and reported in writing to the Insurer pursuant to the terms of this policy for any actual or alleged Wrongful Act committed by the Registered Representative in the rendering or failure to render Professional Services.

DEFINITIONS

Solely with respect to Coverage provided by this endorsement, Clause 2, Definitions, (a) "Approved Activity" shall be deleted in its entirety and replaced by the following:

"Approved Activity" means a service or activity performed by the Registered Representative in his capacity as a Registered Investment Advisor that;

- (1) has been approved by the Broker/Dealer to be performed by the Registered Representative, and is



- (2) in connection with the purchase or sale of a specific security, annuity or insurance product which has been approved by the Broker/Dealer to be transacted through the Registered Representative, and for which
- (3) the Registered Representative has obtained all licenses required by the Broker/Dealer or applicable law or regulation.

Solely with respect to coverage provided by this endorsement, Clause 2, Definitions, (1) "Registered Representatives" shall be deleted in its entirety and replaced by the following:

- (1) "Registered Representative" means an individual who is registered with the National Association of Securities Dealers, Inc., including a registered principal, and who for compensation engages in the business of rendering Professional Services on behalf of the Broker/Dealer. Registered Representative shall also mean a Registered Representative Company.

Solely with respect to coverage provided by this endorsement Clause 2, Definitions, (k) shall be deleted in its entirety and replaced by the following:

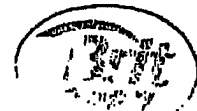
- (k) "Professional Services" means the following services if rendered in connection with an Approved Activity:
 - (1) purchase or sale of securities, including investment companies.
 - (2) purchase or sale of annuities or variable annuities
 - (3) purchase or sale of life or accident and health insurance
 - (4) providing brokerage services for individual retirement accounts (IRA's), Keogh retirement plans and employee benefit plans (other than multiple employer or multiemployer welfare arrangements)
 - (5) services performed as a registered investment advisor but only if and to the extent such coverage is added to this policy by specific written endorsement attached hereto:

and in connection with or incidental to any of the foregoing 5 activities:

- (6) providing economic advice, financial advice or investment advisory services, or
- (7) providing financial planning advice including without limitation any of the following activities in conjunction therewith: the preparation of a financial plan or personal financial statements, the giving of advice relating to personal risk management, insurance, savings, investments, retirement planning or taxes.

Clause 2, Definition, is amended to include the following:

- (O) "Registered Representative Company" means any corporation, partnership or other business entity which engages in the conduct of Professional Services and which is either owned or controlled by a Registered Representative or in which a Registered Representative is an employee and then only with respect to those operations of the



business entity related to Professional Services provided by the Registered Representative.

- (P) "Registered Investment Advisor" means an investment advisor registered with the Securities and Exchange Commission, or (b) a state securities agency in the U.S.A., or (c) a securities agency of the District of Columbia

LIMIT OF LIABILITY

Solely with respect to Claim(s) for which coverage is provided by this endorsement, Clause 5, Limits of Liability, is amended to include the following:

The Limit of Liability stated in Item 3.B.2. of the Declarations as "each Loss" is the limit of the Insurer's liability for all Loss arising out of all Claims alleging the same Wrongful Act or Interrelated Wrongful Act. This "each Loss" limit shall be part of and not in addition to the "aggregate for all Loss" limit set forth in Item 3.B.2. of the Declarations as well as the "Policy Aggregate" limit set forth in Item 3.C. of the Declarations, as described below.

The Limits of Liability stated in Item 3.B.2. of the Declarations as "aggregate for all Loss" is the total limit of the Insurer's liability for all Loss arising out of all Claims first made against the Insureds during the Policy Period and the Discovery Period (if applicable) and reported to the Insurer in accordance with the terms herein. This "aggregate for all Loss" limit shall be part of and not in addition to the "Policy Aggregate" limit set forth in Item 3.C. of the Declarations, as described below.

In the event of a Claim (or Claims alleging Interrelated Wrongful Acts) for which coverage is provided, in part, under this endorsement and, in part, under any other Insuring Agreement of this policy, then the "each Loss" limit and the "aggregate for all Loss" limit applicable to each coverage shall apply; provided, however, the maximum "each Loss" limit and "aggregate for all Loss" limit with respect to this Claim(s) shall not exceed the highest applicable limit.

The Limit of Liability stated in Item 3.C. of the Declarations is the aggregate total limit of the Insurer's liability for all Loss arising out of all Claims first made against the Insureds during the Policy Period and the Discovery Period (if applicable) and reported to the Insurer in accordance with the terms herein under this policy.

The Limit of Liability for the Discovery Period shall be part of, and not in addition to, the applicable Limit of Liability for the Policy Period. Further, a Claim which is made subsequent to the Policy Period or the Discovery Period (if applicable) which pursuant to Clause 8(b) or 8(c) is considered made during the Policy Period or the Discovery Period shall also be subject to the aggregate Limit of Liability stated in Item 3. of the Declarations.

Defense Costs are not payable by the Insurer in addition to the Limit of Liability. Defense Costs are part of Loss and as such are subject to the Limit of Liability for Loss.

RETENTION

Clause 6, Retention Clause, is amended by inserting the following paragraph after the third paragraph thereof;



The Retention stated in Item 5.B.2 of the Declarations as "Registered Investment Advisor Retention" shall apply to Claims for which coverage is provided under this endorsement.

COINSURANCE

Clause 7, Coinsurance Clause, is deleted in its entirety and replaced with the following:

With respect to any Claim for which coverage is provided, in part or in whole, under this endorsement, the Registered Representative shall assume the percentage of Loss equal to the percentage of Loss set forth for Coverage A.3. in Item 4 of the Declarations excess of retention amount described in Clause 6, it being a condition of this insurance that such percentage of each and every Loss shall be carried by the Registered Representative(s) at their own risk and be uninsured.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THE POLICY REMAIN UNCHANGED



SHORT COVERED CALL OPTIONS EXTENSION

In consideration of the premium charged, it is hereby understood and agreed that Clause 4., Exclusions, paragraph (m)(1) of this policy is deleted in its entirety and replaced by the following:

- 1) commodities, futures contracts, forwards contracts or any type of option or futures contract, or any similar investment or investment product, except Covered Call Options;

It is further understood and agreed that Clause 2., Definitions, is amended to include the following:

"Covered Call Options" means only exchange – traded short call options on stock actually owned by the Insured's client throughout the option's life.

All other terms, conditions and exclusions of the policy remain unchanged.



EXCESSIVE FEES EXCLUSION

This Policy shall not indemnify the Assured in respect of any third party claim for the reimbursement of fees, commissions, costs or other charges paid or payable to the Assured or any third party claim based upon allegations against the Assured of excessive fees, commissions, costs or other charges.

